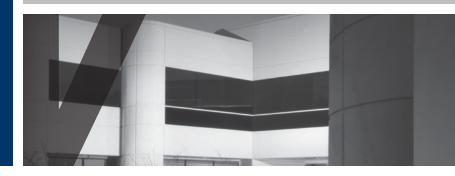


Real People. Real Solutions.™



Office Market Report

Compared to 2009:

Vacancy DOWN

Net Absorption



Lease Rates



Transactions



Construction



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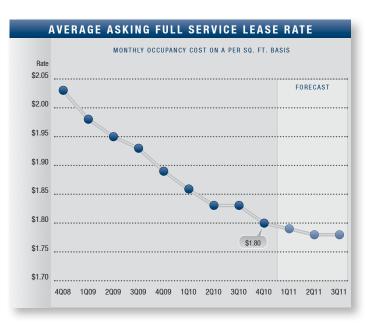
Market Highlights

- Are we there yet? The Inland Empire Office Market displayed more promises of stabilization in the fourth quarter of 2010. Both vacancy and availability descended from the previous quarter, and net absorption posted positive numbers for 2010. With regard to sales transactions, the ask-bid gap seems to be narrowing, as evidenced by the continued drop in asking prices and increased interest from users and investors. While these are positive indications, stability and job growth will need to be sustained in coming quarters to be considered recovery.
- Construction At the end of the fourth quarter or 2010, total space under construction checked in at 244,636 square feet. The slowdown in construction has and will ease the upward pressure on vacancy and the downward pressure on lease rates.
- Vacancy Direct/sublease space (unoccupied) finished the year at 18.43%, a decrease compared to the previous quarter's rate of 19.05% and a decrease from 2009's rate of 18.92%.
- Availability Direct/sublease space being marketed was 21.72% for the fourth quarter, down from third quarter's rate of 22.42% and a 4.11% decrease from the 22.21% we saw at the end of 2009.
- Lease Rates The average asking Full-Service Gross (FSG) lease rate per month per square foot in the Inland Empire was \$1.80 in the fourth quarter of 2010, which is three cents lower than the third quarter's rate and a 4.76% decrease compared to 2009's fourth quarter rate of \$2.03. The record high rate of \$2.10 was established in the first quarter of 2008. Class A rates for the county averaged \$2.07 FSG. The highest rates were found in the West County submarket, where they averaged \$2.27 FSG.
- Absorption Net absorption for the county posted 338,860 square feet of positive absorption for 2010; from the third quarter of 2009 to the fourth quarter of 2010, the office market averaged approximately 175,000 square feet of positive absorption.

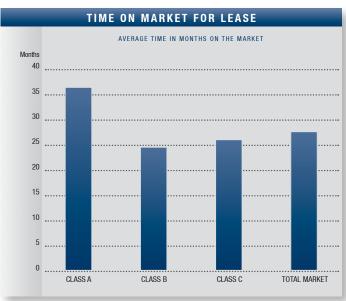
- Transaction Activity Leasing activity checked in at 1.83 million square feet for 2010, a slight decrease over 2009's total of 1.86 million square feet. Sales activity showed an increase, posting 927,101 square feet of activity in 2010 compared to 2009's 683,045 square feet. Details of the largest transactions from 2010 can be found on the back page of this report.
- **Employment -** The unemployment rate in the Riverside–San Bernardino-Ontario MSA was 14.3% in November 2010, up from a revised 14.2% in October 2010 and below the 2009 estimate of 14.3%. This compares with an unadjusted unemployment rate of 12.4% for California and 9.3% for the nation during the same period. The unemployment rate was 14.6% for Riverside County and 13.9% in San Bernardino County. According to the State of California Employment Development Department, the Riverside-San Bernardino-Ontario MSA lost 9,400 payroll jobs from November 2009 to November 2010. The largest declines were 5,800 jobs in construction and 5,000 in government. However, six out of eleven nonfarm industries posted year-over-year gains, most noticeably in professional and business services, which were up 1,700 jobs. The LAEDC is forecasting that 12,800 jobs will be added to the Inland Empire in 2011.
- Overall In 2010, we saw a decrease in the amount of available space being added to the market. Absorption was positive for 2009 and 2010, and with few new deliveries to put more upward pressure on vacancies, the market should continue to stabilize. We foresee an increase in investment activity in the coming quarters as lenders continue to dispose of distressed assets. Lease rates are expected to remain soft for the near future, and concessions in the forms of free rent, reduced parking fees, relocation funds and tenant improvement allowances should continue to increase to incentivize tenants to act immediately. We should see an increase in leasing activity as many short-term deals come up for renewal and as job creation continues. If job creation continues and consumer confidence stabilizes, the office market will continue to recover.

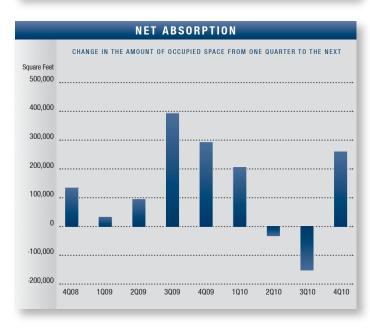
	OFFICE	MARKET	0 V E R V I E W	
	2010	2009	2008	% CHANGE vs. 2009
Vacancy	18.43%	18.92%	18.47%	(2.59%)
Availability	21.72%	22.65%	22.21%	(4.11%)
Pricing	\$1.80	\$1.89	\$2.03	(4.76%)
Sale & Lease Transactions	2,759,802	2,545,216	3,238,120	8.43%
Gross Absorption	2,800,188	3,862,044	3,185,600	(27.49%)
Net Absorption	338,860	992,755	(197,716)	N/A

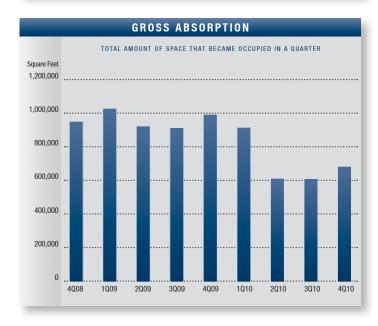












Voit REAL ESTATE SERVICES

	INVENTORY			VACANCY & LEASE RATES					ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2010	Square Feet Available	Availability Rate 4Q2010	Average Asking Lease Rate	Net Absorption 4Q2010	Net Absorption 2010	Gross Absorption 402010	Gross Absorption 2010
North County	2.290.	0444101001	0.0		2404	142010	711411411	142010	20000 11000	142010	2010	142010	2010
Fontana	36	1,057,113	0	71,312	118,644	11.22%	130,944	12.39%	\$0.00	(2,127)	21,798	1,400	30,611
Montclair	13	271,310	0	0	14,069	5.19%	38,237	14.09%	\$1.60	(913)	(3,641)	0	18,846
Ontario	107	4,201,633	91,338	1,809,454	1,074,714	25.58%	1,186,289	28.23%	\$1.98	67,009	191,982	131,160	455,459
Rancho Cucamonga	145	4,442,556	0	188,500	993,517	22.36%	1,261,881	28.40%	\$1.63	25,390	53,746	92,886	379,236
Upland	65	1,402,544	0	0	148,463	10.59%	275,582	19.65%	\$1.43	9,968	3,762	16,965	58,159
North County Total	366	11,375,156	91,338	2,069,266	2,349,407	20.65%	2,892,933	25.43%	\$1.80	99,327	267,647	242,411	942,311
West County													
Chino Hills	18	465,120	0	311,124	189,527	40.75%	189,527	40.75%	\$2.24	(2,461)	7,256	7,922	37,666
Chino	17	532,222	0	31,957	37,436	7.03%	43,593	8.19%	\$0.00	310	(8,551)	1,410	11,511
Corona	78	2,646,730	0	299,026	846,052	31.97%	968,161	36.58%	\$2.28	37,658	92,478	59,847	280,864
Norco	13	330,763	0	24,440	59,025	17.85%	65,188	19.71%	\$0.00	6,824	17,662	6,824	21,441
West County Total	126	3,974,835	0	666,547	1,132,040	28.48%	1,266,469	31.86%	\$2.27	42,331	108,845	76,003	351,482
East County													
Banning	4	140,943	0	195,363	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Beaumont	2	60,918	0	0	1,250	2.05%	1,250	2.05%	\$0.00	0	(1,250)	0	C
Bloomington	1	382,841	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	(
Colton	44	991,838	0	0	131,240	13.23%	226,197	22.81%	\$1.28	(5,817)	(13,935)	13,212	43,432
Grand Terrace	4	69,278	0	0	10,029	14.48%	10,029	14.48%	\$1.35	(1,816)	(2,462)	444	814
Highland	3	92,422	0	33,000	0	0.00%	0	0.00%	\$0.00	1.500	0	1 500	20.000
Loma Linda Morono Valley	24	571,337	0	0 209,760	32,427	5.68% 4.50%	44,275	7.75% 7.27%	\$0.00 \$0.00	1,523	31,800	1,523	39,688
Moreno Valley Perris	36 10	1,080,317 207,088	0	209,760	48,566 2,108	1.02%	78,593 2,108	1.02%	\$0.00	59,016 0	59,168 (946)	59,762 0	75,779 0
Redlands	59	2,031,652	0	500,634	333,524	16.42%	377,490	18.58%	\$1.66	(14,527)	111,209	4,173	214,158
Rialto	8	142,467	0	0	28,378	19.92%	28,378	19.92%	\$0.00	154	(7,441)	600	1,050
Riverside	300	9,306,606	140,000	890,485	1,610,161	17.30%	1,752,731	18.83%	\$1.82	63,061	(43,941)	107,872	404,010
Rubidoux	1	52,090	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
San Bernardino	203	7,525,394	0	12,234	1,270,024	16.88%	1,606,943	21.35%	\$1.51	(14,259)	(194,200)	63,193	309,363
San Jacinto	5	146,867	0	0	37,490	25.53%	37,490	25.53%	\$0.00	0	0	0	0
Yacapa	5	81,316	0	0	21,588	26.55%	21,588	26.55%	\$0.00	0	(17,488)	0	4,100
East County Total	709	22,883,374	140,000	1,841,476	3,526,785	15.41%	4,187,072	18.30%	\$1.60	87,335	(79,486)	250,779	1,092,394
South County													
Canyon Lake	1	28,000	0	0	1,342	4.79%	1,342	4.79%	\$0.00	0	(1,342)	0	0
Hemet	44	809,456	0	87,807	75,465	9.32%	77,879	9.62%	\$0.00	19,889	13,244	26,110	43,397
Lake Elsinore	11	262,399	13,298	0	66,426	25.31%	66,426	25.31%	\$0.00	616	7,072	716	18,127
Menifee	4	151,518	0	166,527	31,805	20.99%	31,805	20.99%	\$0.00	0	5,551	0	5,551
Murrieta	51	1,455,709	0	234,924	339,894	23.35%	373,014	25.62%	\$1.84	15,322	3,601	22,327	80,279
Sun City	4	91,428	0	0	6,139	6.71%	10,833	11.85%	\$0.00	2,400	2,145	2,400	4,745
Temecula	97	2,315,282	0	84,672	470,265	20.31%	531,054	22.94%	\$1.60	3,319	18,907	55,459	260,578
Wildomar	8	280,454	0	82,000	39,007	13.91%	39,007	13.91%	\$0.00	(1,563)	(7,324)	0	1,324
South County Total	220	5,394,246	13,298	655,930	1,030,343	19.10%	1,131,360	20.97%	\$1.65	39,983	41,854	107,012	414,001
Inland Empire Total	1,421	43,627,611	244,636	5,233,219	8,038,575	18.43%	9,477,834	21.72%	\$1.80	268,976	338,860	676,205	2,800,188
North County													
Class A	31	2,750,665	38,000	1,661,726	970,165	35.27%	922,388	33.53%	\$2.11	139,428	180,280	162,374	351,230
Class B	264	7,151,410	53,338	407,540	1,138,204	15.92%	1,706,480	23.86%	\$1.56	(42,054)	113,207	72,701	563,293
Class C	71	1,473,081	0	0	241,038	16.36%	264,065	17.93%	\$1.10	1,953	(25,840)	7,336	27,788
West County													
Class A	14	816,803	0	447,992	292,037	35.75%	310,622	38.03%	\$2.20	(364)	37,683	6,536	70,510
Class B	91	2,717,836	0	218,555	790,485	29.09%	871,748	32.08%	\$2.34	40,084	72,325	57,491	250,763
Class C	21	440,196	0	0	49,518	11.25%	84,099	19.10%	\$1.08	2,611	(1,163)	11,976	30,209
East County													
Class A	36	3,428,081	140,000	525,268	725,031	21.15%	750,319	21.89%	\$1.86	16,965	(421)	37,693	206,647
Class B	473	14,055,876	0	1,316,208	2,290,924	16.30%	2,791,631	19.86%	\$1.59	89,900	18,480	187,203	796,804
Class C	200	5,399,417	0	0	510,830	9.46%	645,122	11.95%	\$1.13	(19,530)	(97,545)	25,883	88,943
South County	19	934,723	0	248,018	266,190	28.48%	290,109	31.04%	\$1.80	5,199	20,479	11,511	81,526
•			13,298	407,912	680,347	17.41%	738,000	18.89%	\$1.60	34,416	36,863	90,551	308,566
Class A Class B	170	3,907.001		,					\$1.53				23,909
Class A	170 31	3,907,651 551,872	0	0	83,806	15.19%	103,251	18.71%	φ1.55	368	(15,488)	4,950	20,000
Class A Class B Class C				0	83,806	15.19%	103,251	10./170	φ1.33	308	(15,488)	4,950	20,000
Class A Class B Class C Inland Empire	31	551,872	0								, , ,		
Class A Class B Class C Inland Empire Class A	31 100	551,872 7,930,272	178,000	2,883,004	2,253,423	28.42%	2,273,438	28.67%	\$2.07	161,228	238,021	218,114	709,913
Class A Class B Class C Inland Empire	31	551,872	0								, , ,		709,913 1,919,426 170,849

This survey consists of properties 10,000 square feet and larger in size, representing both single tenant and multi—tenant buildings. Lease rates are on a full-service gross basis.

RECENT TRANSACTIONS										
Sales Transactions Property Address	City	Class	Square Feet	Price Per SF	Buyer	Seller				
399 & 401 E. Highland Avenue	San Bernardino	В	132,746	\$120.42	Nationwide Health Properties, Inc.	Pacific Medical Buildings				
2143 & 2151 E. Convention Center Way	Ontario	В	125,301	\$69.83	Prime Hospitality, LLC	Jefferson Pilot Life Insurance				
9227 & 9267 Haven Avenue	Rancho Cucamonga	В	78,303	\$73.43	MGR Real Estate	CW Capital Asset Management, LLC				
1855 W. Redlands Boulevard – 16 Properties	Redlands	В	103,760	\$51.08	Salagi, Inc.	Cathay Bank				
2250 S. Main Street	Corona	Α	41,500	\$110.84	Universal Health Services, Inc.	Lincoln National Corporation				
1850 N. Riverside Avenue	Rialto	В	34,709	\$122.45	Redwood Real Estate Partners, LLC	The Westminster Funds				
Lagea Transactions										

Lease Transactions Property Address	City	Class	Square Feet	Transaction Date	Tenant	Owner
9500 Cleveland Avenue	Rancho Cucamonga	Α	72,581	May-10	Southern California Edison	Utah State Retirement Investment Fund
3110 E. Guasti Road – Renewal	Ontario	Α	56,709	July-10	University of Pheonix	PCCP, LLC
550 E. Hospitality Lane – Renewal	San Bernardino	Α	53,832	May-10	Arrowhead Central Credit Union	Glenborough, LLC
9337 Milliken Avenue	Rancho Cucamonga	В	47,720	Jan-10	CALTROP	Ellen Capital Group, LLC
3990 Concours	Ontario	Α	39,737	May-10	N/A	Lord Baltimore Properties
901 Via Piemonte	Ontario	Α	24,638	Aug-10	Aecom Technology	PRII Piemonte Ontario CA, LLC

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